

GENERAL ASSEMBLY OF NORTH CAROLINA
1987 SESSION

CHAPTER 799
SENATE BILL 771

AN ACT TO LIMIT THE LIABILITY OF A DIRECTOR, TRUSTEE, OR OFFICER
OF A RELIGIOUS SOCIETY, A FRATERNAL SOCIETY OR ORDER, OR A
NONPROFIT CORPORATION.

The General Assembly of North Carolina enacts:

Section 1. G.S. 61-1 is amended by designating the present section as subsection (a) and by adding a new subsection to read:

"(b) A person serving as a trustee appointed pursuant to subsection (a) of this section or a director or officer of a religious society shall be immune individually from civil liability for monetary damages, except to the extent covered by insurance, for any act or failure to act arising out of this service, except where the person:

- (1) is compensated for his services beyond reimbursement for expenses,
- (2) was not acting within the scope of his official duties,
- (3) was not acting in good faith,
- (4) committed gross negligence or willful or wanton misconduct that resulted in the damage or injury,
- (5) derived an improper personal financial benefit from the transaction,
- (6) incurred the liability from the operation of a motor vehicle, or
- (7) is sued in an action that would qualify as a derivative action if the organization were a for-profit corporation or as a member's or director's derivative action under G.S. 55A-28.1 or G.S. 55A-28.2 if the organization were a nonprofit corporation.

The immunity in this subsection is personal to the officers, directors, and trustees and does not immunize the organization for the acts or omissions of the officers, directors, or trustees."

Sec. 2. G.S. 58-340.8, as enacted in Chapter 483 of the 1987 Session Laws, is amended by adding a new subsection to read:

"(d) A person serving as an officer or a member of a supreme governing body of a society shall be immune individually from civil liability for monetary damages, except to the extent covered by insurance, for any act or failure to act, except where the person:

- (1) is compensated for his services beyond reimbursement for expenses,
- (2) was not acting within the scope of his official duties,
- (3) was not acting in good faith,
- (4) committed gross negligence or willful or wanton misconduct that resulted in the damage or injury,
- (5) derived an improper personal financial benefit from the transaction,

- (6) incurred the liability from the operation of a motor vehicle, or
- (7) is sued in an action that would qualify as a derivative action if the organization were a for-profit corporation or as a member's or director's derivative action under G.S. 55A-28.1 or G.S. 55A-28.2 if the organization were a nonprofit corporation.

The immunity in this subsection is personal to the individual officers and members of the supreme governing body and does not immunize the organization for the acts or omissions of those officers or members."

Sec. 3. Article 4 of Chapter 55A of the General Statutes is amended by adding a new section to read:

"§ 55A-28.1A. **Limited liability.**— (a) A person serving as a director, trustee, or officer of a nonprofit corporation shall be immune individually from civil liability for monetary damages, except to the extent covered by insurance, for any act or failure to act arising out of this service, except where the person:

- (1) is compensated for his services beyond reimbursement for expenses,
- (2) was not acting within the scope of his official duties,
- (3) was not acting in good faith,
- (4) committed gross negligence or willful or wanton misconduct that resulted in the damage or injury,
- (5) derived an improper personal financial benefit from the transaction,
- (6) incurred the liability from the operation of a motor vehicle, or
- (7) is defendant in an action brought under G.S. 55A-28.1 or G.S. 55A-28.2.

(b) The immunity in subsection (a) is personal to the directors, trustees and officers, and does not immunize the corporation for liability for the acts or omissions of the directors, trustees, or officers."

Sec. 4. This act shall become effective October 1, 1987, and shall apply only to causes of action arising on or after that date.

In the General Assembly read three times and ratified this the 12th day of August, 1987.